



Indiana Housing & Community Development Authority

To: WAP Subrecipients
From: Community Programs
Release Date: January 22, 2026
Effective Date: April 1, 2025
Subject: Rescission of WAP-2025-10 and Updated DOE Budget Categories & Definitions

Program Guidance: WAP-2025-11

BACKGROUND

On June 30, 2025, the Department of Energy (DOE) issued Financial Assistance Letter (FAL) FAL-2025-05, mandating a cap on expenses for Indirect and Fringe Benefits (direct and indirect) costs. This cap was 15% for nonprofit/for-profit agencies and 10% for units of local government agencies.

IHCDA released WAP-2025-10 on October 23, 2025, to align with this new DOE policy. This included the implementation of the cap and the creation of the Fringe Benefits line item to track these costs.

19 plaintiffs entered a lawsuit against the DOE challenging this policy on August 15, 2025. On November 10, 2025, the U.S. District Court for the District of Oregon entered an appealable order vacating Policy Flash PF 2025-25 in its entirety and enjoining DOE from implementing it. Even though Indiana was not a part of the lawsuit, DOE allowed Grantees to request modifications to the Special Terms & Conditions of the award. IHCDA's request was approved by DOE on January 7, 2026.

IHCDA has acknowledged and accepted the updated Special Terms & Conditions, and the cap was rescinded, effective for the entirety of the current Program Year (April 1, 2025 – June 30, 2026), in addition to the future two years of the current grant cycle. The reversal of this policy requires implementation of new policy and the removal of the Fringe Benefits line item in order to return to the previous system of tracking and claiming expenses.

NEW GUIDANCE

IHCDA is updating its DOE Budget Categories and definitions to those Categories to reflect the policy put in place by the DOE.

WAP-2025-10 is rescinded and the "DOE Funding" Part of the IHCDA Policy & Procedure Manual Section 7.1 is deleted in its entirety and replaced by the following language. This rescinds the maximum allowable reimbursement percentages of Indirect Costs and Fringe Benefits (direct and indirect).

The Fringe Benefits budget category is hereby removed, and subrecipients who claimed against this budget category must perform repayment claims on this budget category, and may proceed to claim against the line items from which the benefits derived (Example: if \$200 of Fringe Benefits were claimed and derived from work under the Base budget category, repay the \$200 back into Fringe Benefits, and proceed to claim the \$200 against Base).

Administration

Fiscal, executive, support operations, etc. This applies to staff engaged in program administration. The maximum allowable percentage of Administration expenditures is 10% of Total Grant amount.

Financial Audit

Audit conducted in accordance with Subrecipient's cost allocation plan.



ADDRESS 30 South Meridian Street, Suite 900, Indianapolis, IN 46204
PHONE 317 232 7777 **TOLL FREE** 800 872 0371 **WEB** www.ihcda.IN.gov

EQUAL OPPORTUNITY EMPLOYER AND HOUSING AGENCY

Liability Insurance

Insurance coverage of at least \$1,000,000 covering the risks related to the property and personal liability claims of other parties against the insured party. Pollution Occurrence Insurance is recommended but not required for subrecipients who contract out Lead and Asbestos remediation.

Energy Audit

Conducting audits, pre-audit walkthroughs, or use of priority list that result in calling for materials in Appendix A or DOE-approved energy audit protocol. Subrecipients must use the approved Energy Audit tool for the associated housing type to calculate the savings-to-investment ratio. Energy Audit runs must have a cumulative SIR of or greater than 1. Allowable costs include:

- Salaries
- Fringe Benefits
- Travel (mileage, lodging, and per diem)

Inspection

Costs for Interim and QC Inspection assessing the energy audit confirms the accuracy of field site data, software inputs, and measures called for were in accordance with energy audit procedures. Allowable costs include:

- Salaries
- Fringe Benefits
- Travel (mileage, lodging, and per diem)

Base Program Operations

Costs for installation of ECM materials for a completion of a unit. Installed ECMs must be called for either in the Energy Audit or the Priority List. A combined total of \$100 in labor and materials is required, and must pass QCI, in order for it to be considered complete. Allowable costs include:

- Labor, Material, and Overhead (direct support overseeing a unit completion)
- Fringe Benefits
- Handling of materials
- Consumable supplies
- Costs accrued preceding Provisional Closeouts, Deferrals, or Denials
- IRMs

The maximum allowable ACPU is \$8,450.

Health & Safety

Costs for eliminating H&S hazards prior to installation of ECM materials. Eliminated H&S hazards must be called for either in the Energy Audit or the Priority List. Allowable costs include:

- Labor, Material, Overhead (direct support overseeing a unit completion)
- Fringe Benefits
- Handling of materials
- Consumable supplies
- Costs accrued preceding Provisional Closeouts, Deferrals, or Denials

The maximum allowable percentage of Health and Safety expenditures is 25% of total Base expenditures.

T&TA

Costs for training and/or technical assistance given to staff and contractors who are directly performing weatherization work. Allowable costs include:

- Class fees



ADDRESS 30 South Meridian Street, Suite 900, Indianapolis, IN 46204
PHONE 317 232 7777 **TOLL FREE** 800 872 0371 **WEB** www.ihcda.IN.gov

EQUAL OPPORTUNITY EMPLOYER AND HOUSING AGENCY

- Material fees
- Written and Field testing
- CEU events
- Approved conferences and trainings
- Wage/time reimbursement for trainings
- Travel expenses (including meals, lodging, and per diem)

Subrecipients that use a stipend for contractors and staff must provide training documentation to IHCDA upon submitting claims for the stipend. Training records must contain clear documentation and verification that the required and appropriate training was attended and completed such as the following:

- Training certificates
- Sign-in sheets
- BPI student portal information.

Requests for stipends to reimburse contractors without an active contract must be reviewed by IHCDA.

Readiness

Costs for remediation of Deferral Remediation Measure (DRM) issues prior to performance of any Weatherization work. Remediated DRM issues may be called for by the subrecipient, but must strictly be related to the deferral reason, and not to perform work that would otherwise be covered by ECM, H&S, or IRM costs. A unit in which Readiness funds have been used must result in a weatherization completion. A unit undergoing deferral remediation utilizing Readiness must have all DRMs completed by the end of the DOE Program Year, June 30. All remaining Weatherization work can be completed and the job closed by the end of the first Quarter of the following Program Year, September 30. Units utilizing Readiness funding must result in either a DOE or BIL completion. Allowable costs include:

- Labor, Material, Overhead (direct support overseeing a unit completion)
- Fringe Benefits
- Handling of materials
- Consumable supplies
- Costs accrued preceding Provisional Closeouts or Denials

The maximum allowable cap of expenses per unit is \$12,500. This cap may only be exceeded with IHCDA approval, with requests sent to iwx@ihcda.in.gov. These requests must include:

- Quotes for the work
- Meaningful Photos
- Moisture and Home Assessment Form



ADDRESS 30 South Meridian Street, Suite 900, Indianapolis, IN 46204
PHONE 317 232 7777 **TOLL FREE** 800 872 0371 **WEB** www.ihcda.IN.gov

EQUAL OPPORTUNITY EMPLOYER AND HOUSING AGENCY